

Assembly Joint Resolution

No. 40

Introduced by Assembly Member Mullin

February 21, 2014

Assembly Joint Resolution No. 40—Relative to the federal poverty level measurement.

LEGISLATIVE COUNSEL’S DIGEST

AJR 40, as introduced, Mullin. Federal poverty level measurement.

This measure would urge the federal government to take steps to transition from the outdated and inadequate Official Poverty Measure and instead begin implementing the Supplemental Poverty Measure to determine the allocation of federal benefits.

Fiscal committee: no.

- 1 WHEREAS, The Official Poverty Measure is determined by
2 the United States Census Bureau and is instrumental in determining
3 an individual’s eligibility for a number of government programs
4 including the Supplemental Nutrition Assistance Program,
5 Medicaid, School Lunch Program, Women Infants and Children,
6 Housing Assistance, and others; and
7 WHEREAS, The method we use today was developed in the
8 1964 by Mollie Orshanksy of the Social Security Administration,
9 and that method used before-tax cash income to determine a
10 family’s resources, which was then compared to a poverty
11 threshold; and
12 WHEREAS, In determining this poverty threshold, Orshanksy
13 used a food plan developed by the federal Department of
14 Agriculture that was designed for “temporary or emergency use

1 when funds are low,” and then multiplied the cost of the plan by
2 three because at the time a family typically used about a third of
3 their income on food; and

4 WHEREAS, Other than minor changes, the method has remained
5 the same over time, despite significant economic and governmental
6 changes, including the introduction of Medicare and Medicaid,
7 the shift from a manufacturing to a service economy, welfare
8 reform of the 1990’s, and the general stagnation of wages; and

9 WHEREAS, The Official Poverty Measure is a one-size-fits-all
10 policy that leads to a distorted perception of poverty and an
11 inefficient allocation of resources to fight poverty; and

12 WHEREAS, The Official Poverty Measure has failed to
13 accurately measure poverty because it has not kept up with the
14 changes to our economy and social science research; and

15 WHEREAS, The Official Poverty Measure does not take into
16 account that families no longer spend one-third of their income on
17 food; they currently spend between 5 to 10 percent; and

18 WHEREAS, The Official Poverty Measure does not account
19 for noncash transfers, such as the Supplemental Nutrition
20 Assistance Program or Medicaid, as income; and

21 WHEREAS, The Official Poverty Measure does not account
22 for variations in cost-of-living in different regions of our country;
23 and

24 WHEREAS, The Official Poverty Measure does not account
25 for the increase in child care expenses due to the rise in the
26 workforce participation of both parents; and

27 WHEREAS, The Official Poverty Measure does not account
28 for variations in health care coverage and out-of-pocket medical
29 costs; and

30 WHEREAS, Historically, there has been widespread agreement
31 among analysts, advocates, and policymakers that the Official
32 Poverty Measure is inadequate, leading to a 1990 Congressional
33 appropriation that was made for an independent scientific study
34 on a new calculation method; and

35 WHEREAS, This study was performed by The National
36 Academy of Sciences, which established the Panel on Poverty and
37 Family Assistance. The panel released a report in 1995 entitled
38 “Measuring Poverty: A New Approach,” which established
39 guidelines for creating a new method; and

1 WHEREAS, Fifteen years later, in 2010, the Interagency
2 Technical Working Group on Developing a Supplemental Poverty
3 Measure and the Census Bureau and the Bureau of Labor developed
4 an alternative poverty measure known as the Supplemental Poverty
5 Measure; and

6 WHEREAS, The Supplemental Poverty Measure was designed
7 to take into account changes in the United States economy over
8 time, cost-of-living variations in different parts of the country, and
9 the changing role of government; and

10 WHEREAS, The Supplemental Poverty Measure more
11 accurately measures poverty by using a basic set of goods that
12 includes food, clothing, shelter, and utilities, adjusted to reflect
13 the needs of different family types and to account for geographic
14 differences in living costs to establish what is known as a poverty
15 threshold; and

16 WHEREAS, The Supplemental Poverty Measure defines family
17 resources as the value of cash income from all sources, plus the
18 value of noncash benefits, including nutrition assistance, subsidized
19 housing, home energy assistance, tax credits, and other benefits
20 that are available to buy the basic bundle of goods, minus the
21 necessary expenses for critical goods and services not included in
22 the thresholds; and

23 WHEREAS, Necessary expenses include income taxes, Social
24 Security payroll taxes, childcare and other work related expenses,
25 child support payments, and contributions toward the cost of
26 medical care and health insurance premiums or out-of-pocket
27 medical costs; and

28 WHEREAS, The Supplemental Poverty Measure offers a more
29 accurate measure of poverty than the general Official Poverty
30 Measure; and

31 WHEREAS, The use of the Official Poverty Measure can have
32 a detrimental effect on policies to combat poverty because it results
33 in less efficient and less accurately targeted policies and
34 expenditures; and

35 WHEREAS, It is vital that we implement a fair poverty measure
36 that allows us to efficiently allocate resources and focus on regions
37 and populations that need help the most; and

38 WHEREAS, Given the numerous inadequacies of the Official
39 Poverty Measure as a tool to accurately target and efficiently
40 allocate antipoverty resources, the Supplemental Poverty Measure

1 should supplant the Official Poverty Measure for administrative
2 purposes in determining financial eligibility for programs intended
3 to reduce poverty; now, therefore, be it

4 *Resolved by the Assembly and the Senate of the State of*
5 *California, jointly,* That the Legislature of California urges the
6 President and the Congress of the United States take steps to
7 transition from the outdated and inadequate Official Poverty
8 Measure and instead begin implementing the Supplemental Poverty
9 Measure to determine the allocation of federal benefits; and be it
10 further

11 *Resolved,* That the Chief Clerk of the Assembly transmit copies
12 of this resolution to the President and the Vice President of the
13 United States, to the Speaker of the House of Representatives, to
14 the Majority Leader of the Senate, and to each Senator and
15 Representative from California in the Congress of the United
16 States, to the Governor of California, and to the author of this
17 resolution.